

INFORMATION REPORT

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SUBJECT Production Costs, Production, and Personnel at the Oberspreewerk (BSW)

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SUPPLEMENT TO REPORT NO.

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1. The SAG's, including the Oberspreewerk (OSW), are reviewing their costs of production in order to lower them. Nearly all of the SAG's operate uneconomically and receive subsidies, but it appears that future subsidies will be smaller because of the existing critical financial conditions in the Eastern Zone. The Russians will not pay higher prices for SAG products. This move to lower production costs receives impetus from the fact that the SAG's wish to sell their products to the Western Zones at a profit.
2. At OSW, the production costs of products exported to the USSR are fifty percent above the prices the Russians are willing to pay for these goods. These high production costs result partly from the use of obsolete machinery, since most of the modern tool machines have been dismantled, and partly from the lack of competent and experienced plant engineers and production specialists. Employees are often not placed in jobs at which they can develop their talents. In many instances, the SED is to blame for such errors in placement because it prefers political allegiance to professional knowledge.
3. Following are production figures at OSW:

<u>Tube</u>	<u>Amount</u>
6AG7	15,000 monthly
6AG7	15,000 monthly
AL4	3,000 monthly
TS41	300 monthly
LV3	150 monthly
LD7	150 every other month
LD9	150 every other month
LD11	150 every other month

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<u>Tube</u>	<u>Amount</u>
LD12	150 every other month
OSW 2333	10 monthly

Production is actually higher than appears above since rejects amount to fifty percent of the total production.

4. OSW recently sold high quality material such as high frequency core sheet metal to firms in the Western Zones and was thereby enabled to make purchases of nickel, tungsten and molybdenum from the west.
5. Difficulties have arisen at OSW between members of the SED plant group and the Russians. The SED secretary with the support of the SED district director complained to the SMA Karlshorst that Loshmanov, the Soviet director, was not cooperating with the SED. The SMA sent for Loshmanov and reprimanded him. It is rumored that, consequently, Loshmanov is attempting to incriminate the SED plant group. He requested delegates of the plant youth group to post on the plant bulletin board all instances of mismanagement at the plant that they observed. This group is apparently complying in earnest by frequent attacks which it prints in a bulletin entitled "Die Eiterbeule."
6. Skornyakov, a Russian, is in charge of finance and administration at OSW; he enjoys a good professional reputation. The position occupied by the late Gruner as director has not yet been filled. Dr. Strähler, who was chief of the developmental plant, has resigned, and Dr. Hachenberg from the image tube department will probably succeed him. Hans Hbding, a member of the SED, has replaced Wille, who was social director, and has been given the new title of "cultural director." Hbding spent two years in a penitentiary and several years in a concentration camp. As cultural director, he heads the following divisions:

Personnel
 Plant health service
 Plant canteen
 Social welfare
 Factory police
 Repair shops operated for welfare purposes

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